Office Supreme Court, U.S.
FILED
DEC 7 1962
JOHN F. DAVIS, CLERK

No. 587

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM 1962

MUSKEGON PISTON RING COMPANY,
Petitioner,
vs.
ERNEST R. OLSEN and
NATIONAL PISTON RING COMPANY,
Respondents.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

HAROLD M. STREET,
Attorney of Record for Respondents,
Business Address:
304 Liberty Life Building,
Muskegon, Michigan.

POPPEN, STREET & SORENSEN,
Attorneys for Respondents,
Business Address:
304 Liberty Life Building,
Muskegon, Michigan.

OLSEN & FARMER,
Attorneys for Respondents,
Business Address:
305 Michigan Theatre Building,
Muskegon, Michigan.

AMERICAN BRIEF AND RECORD COMPANY, FIFTY MARKET AVENUE, N.W.
GRAND RAPIDS 2, MICHIGAN — PHONE GI 8-5526

SUBJECT INDEX

	Page
Statement of Question	1
Statement of Case	2
Reasons Writ Should be Denied	3
Priority of Conception vs. Priority of Invention	3
Confusion with Cases Involving Different Factual Situations	4
Analysis of Cases Relied Upon by Petitioner	8
Analogous Cases	12
Conclusion	16

INDEX TO CASES AND AUTHORITIES CITED

	Page
A & C Engineering Co. vs. Atherholt, 355 Mich. 677, page 682	7
Becher vs. Contoure Laboratories, 279 U. S. 388 (1929), cited in 167 A. L. R. 1147	8
Crowell vs. Baker Oil Tools, Inc., 143 F. 2d 1003	10
Cummings vs. Moore, 202 F. 2d 145	10
Eckert vs. Braun, 155 F. 2d 617	6, 12
E. Edelmann and Co. vs. Triple-A Specialty Co., 88 F. 2d 852	9
Grip Nut Co. vs. Sharp, 124 F. 2d 814	10
Harrington vs. Atl. & Pac. Tel. Co., 185 Fed. 493	6
Kennedy vs. Hazelton, 128 U. S. 667	8
L. A. Young Spring & Wire Corp. vs. Falls, 293 Mich. 602	7
Lion Mfg. Corp. vs. Chicago Flexible Shaft Co., 106 F. 2d 930	6
Nahikian vs. Mattingly, 265 Mich. 128; 167 A. L. R. 1114	8
New Discoveries, Inc. vs. Wisconsin Alumni Research Foundation, 13 F. Supp. 596	13
Papazian vs. Amer. Steel & Wire Co., 155 F. Supp. 111	6
Title 28, U. S. C., Sec. 1338 (a)	3
Title 35 U. S. C., Sec. 102	4
Title 35 U. S. C., Sec. 126	6
Title 35 U. S. C., Sec. 146	5
Welch vs. Grindle, 251 F. 2d 671	11

STATEMENT OF QUESTION

DOES A COMPLAINT ALLEGING THAT A DEFENDANT (WHO IS NOT MANUFACTURING OR SELLING PISTON RINGS) CLAIMS THAT THE PLAINTIFF'S ASSIGNOR WRONGFULLY APPROPRIATED DEFENDANT'S DISCLOSURE OF THE SUBJECT MATTER OF A PATENT UNDER WHICH THE PLAINTIFF IS MANUFACTURING REVERSE TORSION-TWIST PISTON RINGS, ALLEGE AN ACTUAL CONTROVERSY ARISING UNDER THE PATENT LAW?

No. 587

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM 1962

MUSKEGON PISTON RING COMPANY,
Petitioner,

vs.

ERNEST R. OLSEN and
NATIONAL PISTON RING COMPANY,
Respondents.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

STATEMENT OF CASE

Respondents' statement of the case is necessarily a negative one. The most conspicuous thing about the petitioner's Complaint is the absence of essential allegations. For example, it is not alleged that the defendants (respondents herein) are engaged in the manufacture of piston rings or are engaged in any other business in competition with the petitioner. It is difficult to see how respondents could be guilty of *unfair* competition when there is no competition.

Equally significant, the Complaint does not allege that respondents are infringing plaintiff's alleged patent or that respondents threaten to infringe the patent. The nub of the Complaint is contained in allegations to the effect that defendant Olsen asserts "he is the inventor of the *disclosure* of plaintiff's patent, that the subject matter of plaintiff's patent was *disclosed* to plaintiff • • • prior to

the filing date of the application for plaintiff's patent, and that plaintiff's assignor *wrongfully appropriated said disclosure* * * *". (Par. 6 of Complaint). The Complaint contains a prayer that the court "declare that plaintiff and plaintiff's assignor *did not appropriate any disclosure* from defendant Olsen * * *."

Nowhere in the Complaint is it alleged that defendants claim the patent is invalid or that defendants in any way question the validity of the patent. It is clear that the crux of the controversy between the parties is the *equitable ownership* of the patent.

If, as petitioner contends, a claim by one other than the patentee that he originated the idea and that the patentee holds the patent as trustee ex maleficio necessarily puts the validity of the patent at issue so as to give the Federal Courts jurisdiction, then the many State court decisions declaring patentees to be trustees ex maleficio are erroneous and must be overruled; for by statute (Title 28 *U. S. C.*, Sec. 1338 (a)) the Federal court's jurisdiction is "*exclusive* of the courts of the states in patent and copyright cases."

Furthermore, if petitioner's position is correct, one who has wrongfully obtained a patent through use of confidential information can, for all practical purposes, immunize himself from a suit for damages or a suit in which he might be declared trustee ex maleficio, by the simple expedient of bringing a declaratory proceeding in Federal court; then if the defendant succeeds in proving that he did, in fact, make the invention, the Court would simply declare the patent invalid and the true inventor would be deprived both of damages and the fruits of the invention. To state the proposition is to refute it.

REASONS WRIT SHOULD BE DENIED

Priority of Conception vs. Priority of Invention

The difficulty in this case arises, in part, from confusion in terminology. Conception of a patentable idea and invention are treated as one and the same by petitioner. They are not.

Under Section (g) of Title 35 *U. S. C.*, Sec. 102, three elements are considered in determining "priority of *invention,*" which are:

(1) The "*respective* dates of conception."

(2) "Reduction to practice."

(3) "Diligence of one who was first to conceive and last to reduce to practice."

Thus, if "A" conceives an original idea which he discloses to "B," but fails to reduce to practice, and "B" reduces the original idea to practice and is diligent in applying for a patent, "B" may be the legal inventor though he was not the first to conceive the idea. "B" may also be the legal inventor even though "A" first conceived the original idea and reduced it to practice, if after disclosing both the idea and its practical operation to "B," "A" neglects to take any steps whatever to apply for a patent and "B" is diligent in doing so. The patent issued under such circumstances is a legally valid patent.

However, if a fiduciary relationship existed between "A" and "B," which "B" violated in applying for the patent in his name, "A" may be the equitable owner thereof and entitled to the fruits of the invention. "B" will be treated as the constructive agent of "A" in applying for the patent and will be deemed a trustee ex maleficio, holding the patent for the benefit of "A."

Confusion with Cases Involving Different Factual Situations

Care must be taken to avoid confusion with cases involving the following factual situations:

(1) Cases where diversity of citizenship exists. Frequently, where diversity of citizenship exists but is not discussed by the court, it appears that the court has taken jurisdiction in a factual situation similar to the one presented in the present case where jurisdiction is, in fact, predicated upon diversity of citizenship.

(2) Cases based upon a claim of unfair competition when joined with a substantial and related claim under the patent law. Though unfair competition is alleged in

the present case, it is not alleged that respondent is engaged in any business in competition with the petitioner. With no allegation that any competition exists between the parties, it is obvious that the claim of unfair competition cannot stand.

(3) Cases where infringement is actually claimed. There is no claim in the present case that the defendant is infringing or is even threatening to infringe the patent held by petitioner.

(4) Situations where "A" and "B" claim under conflicting patents and the validity of one or both of the patents, in the sense of the *scope* of one or both of the respective patents, is at issue.

(5) Situations where "A" (as plaintiff in the case) holds a patent and is threatening "B" with suits for infringement and "*B*" asks for declaratory relief on one or more grounds such as invalidity of the patent for a lack of novelty of idea, prior public usage, or that "A" is not the true inventor.

If the above distinctions in the various factual situations presented are kept in mind, the apparent confusion in the decisions disappears.

Petitioner seeks to bolster its position by matters which have occurred *subsequent* to the filing of the complaint. Petitioner refers to the subsequently filed suit in Muskegon County, Michigan (wherein respondent asks for damages and that petitioner be decreed trustee ex maleficio of the patent), but does not contend that that Court lacks jurisdiction. Petitioner makes much of the fact that the interference proceeding was subsequently decided in its favor and that respondent has taken what amounts to an appeal from the ruling of the Patent Interference Board by filing a complaint under Section 146, Title 35 *U. S. C.* in the District Court in Grand Rapids, Michigan.

Respondents will unequivocally state at this point that if the Federal District Court in Grand Rapids, Michigan, had jurisdiction to adjudicate the question of whether "the subject matter of plaintiff's patent was disclosed to plaintiff * * * prior to the filing date of the application for plaintiff's patent," and that "plaintiff's assignor wrongfully appropriated said disclosure in making their application for plaintiff's patent" (See par. 6 of com-

plaint) and declare plaintiff's trustee ex maleficio of the patent, respondents would be only too happy to join issue in the Federal District Court in Grand Rapids, and dispose of the matter in one proceeding. Unfortunately, the issues triable in the complaint filed under Sec. 126, Title 35 *U. S. C.* (which is in effect an appeal from the ruling of the Patent Interference Board) will be confined to determining the priority of invention in the sense of determining (1) the respective dates of conception of the idea for the reverse torsion twist piston ring, (2) the reduction to practice of the invention, and (3) the diligence of the respective parties in applying for a patent. In short, respondent may prove that he first conceived the idea of the reverse torsion-twist ring and even that he reduced it to practice, and yet lose out on the diligence issue; for the question of the wrongful appropriation of respondent's original idea is triable exclusively in a state court (where diversity of citizenship does not exist between the parties). This is well settled by a long line of cases including the following:

Harrington vs. Atl. & Pac. Tel. Co., 185 Fed. 493, holding that when title to a patent depends upon grants alleged to be fraudulently obtained or retained, the Federal Court did not have jurisdiction.

Lion Mfg. Corp. vs. Chicago Flexible Shaft Co., 106 F. 2d 930, holding that a bill alleging equitable ownership of a patent did not state a cause of action arising under the patent law, since it depended upon an assignment of the legal title.

Eckert vs. Braun, 155 F. 2d 517, holding that allegations to the effect that defendants had wrongfully obtained designs, drawings, etc. from plaintiff's deceased husband and wrongfully obtained patents thereon, did not state a cause of action arising under the patent law.

Papazian vs. Amer. Steel & Wire Co., 155 F. Supp. 111, holding that a plaintiff claiming equitable ownership of a patent must first establish his claim in a court of competent jurisdiction (state court in the absence of diversity of citizenship) before a federal court has jurisdiction of a claim of infringement.

The court said in *A & C Engineering Co. vs. Atherholt*, 355 Mich. 677, page 682, that:

> "There is nothing in the bill of complaint to suggest that the instant case is one based upon a right derived from the federal patent laws. Rather it appears to be a common-law equity action to determine ownership of a patent and involves the federal patent laws only obliquely and incidentally. Under the above-quoted rule such an action is treated no differently, in regard to jurisdiction, than an action to determine the ownership of any other kind of personal property. Therefore the trial court (state court) properly took jurisdiction of the cause."

The same result was reached in *L. A. Young Spring & Wire Corp. vs. Falls*, 293 Mich. 602, where a corporation brought suit to have the defendant declared trustee ex maleficio of certain patents. The court said, page 612:

> "Primarily, plaintiff alleges that defendants, in breach of their confidential relation as trusted officers and employees of plaintiff, failed to discharge the 'trust relationships so owed to plaintiff corporation,' and 'fraudulently, maliciously and intentionally conspired, confederated, combined and contrived among themselves and divers other persons, * * * to deprive plaintiff corporation from obtaining the designs, constructions, inventions, patent applications and patents and trade secrets conceived, produced, constructed, designed and/or developed and discovered by them and said trusted employees.' The essence of plaintiff's bill of complaint is that, through their confidential relationship to plaintiff corporation, certain of the individual defendants secured information which, in breach of their fiduciary relationship, they used for their own personal advantage and in violation of the trust. When the right asserted in the bill of complaint is founded upon a confidential relationship involving the highest trust and confidence, the undoubted jurisdiction of the State courts is not divested because, as a necessary step to granting relief, the State court must determine priority of inventiveness." Citing cases.

See also *Nahikian vs. Mattingly*, 265 Mich. 128, and the annotation in 167 *A. L. R.* 1114.

Analysis of Cases Relied Upon by Petitioner

Petitioner relies upon *Kennedy vs. Hazelton*, 128 U. S. 667. Petitioner's confidence in Kennedy is misplaced, for that case (at least insofar as it bore on the issue involved here), has been overruled by *Becher vs. Contoure Laboratories*, 279 U. S. 388 (1929) cited in 167 *A. L. R.* 1147. In the Becher case, the defendant had successfully sued in the New York State Court to have the plaintiff decreed a trustee ex maleficio of the patent the plaintiff had obtained through use of information obtained in a confidential capacity. The plaintiff then promptly started suit in federal court charging infringement and inferentially challenging the jurisdiction of the state court, claiming jurisdiction on both the ground of infringement and on the ground that validity of the patent was involved. The Court held the New York State Court decision to be res judicata. As to the claim that the validity of the patent was involved and jurisdiction, therefore, exclusively in the Federal Court, the Court said:

> "It is plain that that suit had for its cause of action the breach of a contract or wrongful disregard of confidential relations, both matters independent of the patent law, and that the subject matter of Oppenheimer's claim was an undisclosed intention which did not need a patent to protect it from disclosure by breach of trust. * * * It is said that to establish Oppenheimer's claim is to invalidate Becher's patent, but, even if mistakenly, the attempt was not to invalidate the patent but to get an assignment of it, and an assignment was decreed. * * * Again, even if the logical conclusion from the establishing of Oppenheimer's claim is that Becher's patent is void, that is not the effect of the judgment."

The following comments relative to the Becher case appear in the annotation in 167 *A. L. R.*, page 1148:

> "What this seems to come down to is that the State Court's jurisdiction to require the assignment of an

invention, as in equity the property of the plaintiff, is not affected by the fact that its judgment requiring an assignment establishes circumstances which collaterally impeach the patent as having been issued to one who is not the inventor; and that the question whether the State Court should decree the assignment of the patent itself as a muniment of title, when its very decision will inferentially declare the patent to be void, is not a question of jurisdiction.

"The Becher case is said to have overruled *Kennedy v. Hazelton* (1888), 128 U. S. 667, 32 L. ed. 576, 9 S. Ct. 202; See *Cohen v. Bunin* (1944), 183 Misc. 90, 47 N. Y. S. 2d 414 (affirmed without opinion in (1946) 270 App. Div. 929, 62 N. Y. S. 2d 870), where the court states the decision in the Becher Case to have been 'that a plaintiff having a right to an invention or patent may proceed in the state court to compel an assignment of the patent despite the fact that the evidence establishing the plaintiff's right would establish the invalidity of the patent if that were the issue and if the forum were one vested with jurisdiction over that issue.' "

Most of the cases relied upon by petitioner are directly the reverse of the factual situation presented in the present case. In most instances, the party applying for declaratory relief is being threatened with infringement suits by a party *holding a patent of record*, and either actual infringement was claimed or what would be infringement, if the patent proved valid, immediately contemplated. The cases cited by petitioner would be in point if respondent, Olsen, held the patent of record and was threatening the petitioner (who is the only party engaged in the actual manufacture of piston rings) with suits for infringement. Then petitioner would then be entitled to declaratory relief. But this is not the factual situation presented in the present case.

For example, in *E. Edelmann and Co. vs. Triple-A Specialty Co.*, 88 F. 2d 852, relied upon by petitioner, the *defendant* claimed the *plaintiff* was infringing its patent. The plaintiff asked for a declaratory judgment as to the

validity of the defendant's patent and a ruling on the question of infringement. The issue turned upon the *scope* of defendant's patent. The Court held there was no infringement because the scope of defendant's patent was narrower than claimed by defendant. Validity of the patent was involved only in the sense of the *scope* of its coverage.

Petitioner conveniently overlooks the language in the case of *Grip Nut Co. vs. Sharp*, 124 F. 2d 814, appearing on page 815, which reads as follows:

> "To be sure, if the issue were merely one of title to the patent or the existence of a license, the State court would be the correct forum for these two Illinois parties to settle their dispute. * * *"

In *Crowell vs. Baker Oil Tools, Inc.*, 143 F. 2d 1003, the *defendant* held a patent on a cementing device for well casings. The plaintiff manufactured and sold a similar device which the *defendant* claimed infringed its patent. The defendant had brought one suit for infringement which had been dismissed, without prejudice, after the plaintiff had prepared for trial. Plaintiff understandably sought declaratory relief, challenging the validity of defendant's patent "for lack of novelty and lack of invention," which claim the court sustained. If the respondent were manufacturing and selling reverse torsion-twist piston rings in the present case, and was being threatened with suits for infringement by petitioner, respondent would have some standing to ask for declaratory relief on the authority of the Crowell case *if the relief sought were confined to validity of the patent;* but since respondent is not manufacturing or selling such piston rings and is not being threatened with suits for infringement, the respondent has no actual case or controversy to present to the court which can be said to arise under the patent law.

Again, in *Cummings vs. Moore*, 202 F. 2d 145, it was the *defendant* who held the patent and was claiming infringement by the plaintiff. In the Cummings case, it was originally claimed that the defendant, a former employee of the plaintiff, had misappropriated plaintiff's idea and obtained a patent thereon and asked that the plaintiff be

decreed the lawful owner of the patent; that defendant be required to convey and assign the patent, and that defendant be enjoined from manufacturing the particular product involved. At the pre-trial conference, the plaintiff (perhaps feeling insecure on the jurisdictional issue) abandoned the claim of misappropriation and sought a declaratory judgment of non-infringement on the ground that the defendant was not the original inventor. The apparent purpose of the present proceeding is to force the respondent to make a similar election in this case, an election which respondent may not be required to make.

Cummings was actively engaged in the manufacture and sale of the brush upon which the patent was claimed. Cummings apparently accomplished his purpose by having the patent declared invalid and thus obviating further threats of suits for infringement. The respondent in this case is not manufacturing piston rings and would gain nothing by having the patent declared invalid.

A similar situation was presented in *Welch vs. Grindle*, 251 F. 2d 671. The plaintiff, Grindle, had designed a dip stick used by airplanes which he disclosed to the defendant, Welch. Welch (who bore no fiduciary relationship to Grindle), later obtained a patent on what the court ultimately held to be substantially the same dip stick. He was then threatened by Welch with suits for infringement. Grindle asked that the patent either be declared invalid or assigned to him. The court did declare the patent invalid on a number of grounds, but refused assignment to Grindle (which the court had no jurisdiction to do). Though the court did observe on page 674, that "if the patent and suit is invalid and void because it was not filed by the true inventor, we need go no further *on the issue of invalidity*," the court took considerable pains to go on and point out that the patent was invalid in any event by reason of prior public use as well as lack of originality. Again, the strategy of petitioner in this proceeding becomes more apparent. If the petitioner can force the respondent to litigate in a court that has no jurisdiction to pass upon his claim that his original idea was misappropriated and that he is the rightful owner of the patent (as a State court

has an undoubted right to do) then petitioner stands a fair chance to successfully reap the fruits of the misappropriation.

Analogous Cases

Respondents are in precisely the same position as was the plaintiff in *Eckert vs. Braun*, supra. In the Braun case, the plaintiff sought to have the holder of a patent declared trustee ex maleficio on the ground that he had wrongfully obtained certain designs and drawings from her deceased husband, claiming jurisdiction on the theory that the case arose under the patent laws. The plaintiff brought the proceeding under the declaratory judgment act. Dismissal of the complaint on motion was sustained by the Circuit Court of Appeals for the Second Circuit, saying:

> "We think the District Court was clearly right. The gravamen of plaintiff's charge is that defendant perpetrated a fraud upon her and she seeks to prevent his use of the fruits of the fraud and to have them vested in her. The mere fact that she asks that on account of the fraud the patent be invalidated in the hands of defendant does not bring it within the jurisdiction of the federal court."
>
> "* * * The cases are uniform in holding that 'where, in advance of the granting of a patent, an invention is disclosed to one who, in breach of the confidence thus reposed, manufactures and sells articles embodying the invention, such person shall be held liable for the profits and damages resulting therefrom, *not under the patent statutes*, but upon the principle that equity will not permit one to unjustly enrich himself at the expense of another,' Hoeltke v. Kemp Mfg. Co., 4 Cir., 80 F. 2d 912, 923, Chesapeake & O. R. Co. v. Kaltenbach, 4 Cir., 95 F. 2d 801, Saco-Lowell Shops v. Reynolds, 4 Cir., 141 F. 2d 587. Moreover, *after a patent has issued* upon fraudulent misrepresentations *there is no procedure* for voiding or cancelling the same *except a proceeding by the United States*, United States v. American Bell Tel. Co., 128 U. S. 315, 9 S. Ct. 90, 32 L. Ed. 450, United States v. Amer-

ican Bell Tel. Co., 159 U. S. 548, 16 S. Ct. 69, 40 L. ed. 255, Briggs v. United Shoe Machinery Co., 239 U. S. 48, 36 S. Ct. 6, 60 L. Ed. 138."

The case of *New Discoveries, Inc. vs. Wisconsin Alumni Research Foundation*, 13 F. Supp. 596, presented a stronger factual situation in favor of Federal jurisdiction than does the present case. At least both of the parties held patents and the dispute related to the scope of the respective patents. The similarity of facts and issues involved appear in the following portions of the opinion:

> "The complaint, after the formal allegations as to the residence and incorporation of the parties, alleges that the plaintiff and the defendant are the owners of patents relating to the process of producing Vitamin D; that the plaintiff is now engaged in the business of selling and merchandising licenses for the manufacture and use of its process for the production of Vitamin D under its patents, and that the defendant has contended, and does now contend that the use of the processes as defined in plaintiff's patents constitutes an infringement upon the rights of the defendant by reason of its ownership of its two patents; that the defendant has continually stated, and does now state to the plaintiff and other persons that if any of the processes described in plaintiff's patents were used by plaintiff or its licensees, they would infringe upon defendant's patents; that the defendant has stated, orally and by letter, to various persons who had become licensees of the plaintiff, that in the event that such persons used the processes claimed and described in plaintiff's patents, they would be liable for damages to defendant for infringement of its patents; and that proceedings would be taken against them * * *."
>
> * * *
>
> "The prayer of the complaint is that the court declare the rights of the plaintiff and the defendant herein, and their legal relations in connection with the subject-matter of the controversy as between plaintiff

and defendant; that defendant's two patents be declared invalid by the court; and that the defendant be restrained from in any way interfering with the plaintiff's right to sell and merchandise licenses for the manufacture and use of the process of producing Vitamin D by sunlight or ultraviolet rays, from publishing, informing, or claiming that the plaintiff, by selling and merchandising licenses for the use of said processes, is in any way infringing upon defendant's patents, and from interfering with any proposed licensees of the plaintiff."

The Court went on to say:

"The bill of complaint fails to allege any infringement of plaintiff's patents by the defendant. It does not state a cause of action of unfair competition. There is no allegation that the parties are in competition in business, or that the patents are being used by either of the parties. Inasmuch as the parties are not competing with one another, there can be no unfair competition."

* * *

"It is necessary, at the outset, to determine if the complaint alleges that there is an actual controversy existing between the parties. The insertion of the word 'actual' in the statute means that the court is to deal with realities, and not with an imaginary set of facts. The complaint contains no allegation that plaintiff, or its alleged licensees, are in fact using the processes described in the plaintiff's patents. There is no allegation that anyone is infringing defendant's patents. It follows that there is no one now in existence whom defendant could prosecute an infringing action against. *In the absence of infringement actually existing, there can be no actual controversy between the parties.* * * *"

* * *

"The fact that defendant may have notified plaintiff or others that the use of plaintiff's processes

would constitute an infringement of defendant's patents does not give rise to an actual controversy. Notice to a competitor that he is infringing is the usual and ordinary procedure followed by patentees, and is not to be condemned when characterized by good faith. *Oil Conservation Engineering Co. v. Brooks Engineering Co.*, (C. C. A. 52 F. (2d) 783)."

"What the plaintiff seeks in this action is to have the court declare that the plaintiff and its licensees would have a good defense if and when the defendant commenced an infringement action against it, which defendant may or may not do. * * *".

"Actions for declaratory judgments are in the nature of a summary action, * * * The question of how plaintiff or its licensees might use the processes described in its patents, without infringement of defendant's patents, would involve the determination of the validity of four patents; the complicated questions of the interpretations of the specifications of each patent, and the scope of the claims. This could be determined only after a lengthy trial involving large expenditures for the fees of expert witnesses and counsel. * * * The mere fact that the plaintiff expects the defendant to bring an infringement action against it or its licensees does not entitle the plaintiff to maintain its present action to have declared that defendant has not a good cause of action against plaintiff or its licensees. The complaint reveals no actual controversy ripe for adjudication."

While it is true (as the lower court observed) there is an actual controversy between the parties, the controversy arises because the defendant, Olsen, claims that he is the equitable owner of the patent by reason of the fact that his idea and invention was misappropriated by the plaintiff. This issue is one exclusively for determination by the state courts.

CONCLUSION

Jurisdiction cannot be conferred either by stipulation or waiver. Regardless of how desirable it might be in this particular case to resolve all issues in one proceeding, the cold fact still remains — the Federal District Court lacks jurisdiction to resolve the basic issue.

Dated: November 26, 1962.

Respectfully submitted,

HAROLD M. STREET,
Attorney of Record for Respondents.
Business Address:
304 Liberty Life Building,
Muskegon, Michigan.